



**Testimony of Kevin Lembo, State Healthcare Advocate
Before the Insurance and Real Estate Committee
In Support of H.B. 5013
February 11, 2010**

Good afternoon Senator Crisco, Representative Fontana, Senator Caligiuri, Representative D'Amelio and members of the Insurance and Real Estate Committee. For the record, I am Kevin Lembo, the State Healthcare Advocate. My office, the Office of the Healthcare Advocate (OHA) is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health insurance plans; and, informing you of problems consumers face in accessing care and proposing solutions to those problems.

I testify today on behalf of OHA in support of HB 5013, *AN ACT CREATING A CATASTROPHIC POOL FOR MEDICAL EXPENSES*. The development of a catastrophic pool is a concept that grows out of concerns with the limitations of insurance coverage for unique, one-time medical expenses. Underinsured families or individuals who have insurance coverage, may nevertheless may have substantial medical expenses for one-time medical needs that will never be covered by traditional insurance. Limited access to these medical needs can easily disrupt a family's integrity or force the family to bankruptcy.

Based on years of experience in other states, the catastrophic pool created in HB 5013 is designed to provide qualified families or children, who have exhausted their insurance policy limits, with a one-time payment of catastrophic costs. For example, children with complex healthcare needs often exhaust their insurance policy limits and need assistance with one or more expenses to remain at home, such as an additional piece of equipment.

H.B. 5013 is the result of considerable time and effort to develop a remedy for underinsurance that is based on need and the turning over of every last stone before accessing these funds. (The details of this bill were negotiated last session and involved all parties affected by the legislation.) The mechanics of the legislation require that before accessing any funds from this catastrophic pool, an application is referred to the Office of the Healthcare Advocate to pursue any administrative remedies on behalf of an applicant that have not yet been pursued. This procedure reflects the belief of all involved in the drafting of this bill that the catastrophic pool is a resource of last resort.

There will always be some individuals and/or some procedures that are medically necessary and yet not covered by insurance, whether because insurance limits are exhausted or the plan does not cover the service requested. That is the rationale behind the development of a catastrophic pool in Connecticut. As stated earlier, the concept underlying H.B. 5013 has been successfully adopted in New Jersey and Massachusetts where the fund helps families faced with potentially bankrupting medical debt. Just as in New Jersey and Massachusetts, the administrative resources necessary to operate the fund envisioned in H.B. 5013, come from the fund itself. It is possible that resources in the fund may be exhausted in any given fund-year, so funding would be strictly "as available." The fund itself is authorized to accept grants to provide additional resources.

We have no doubt that the Catastrophic Medical Expenses Pool, as it is carefully designed in this bill, could provide many of the underinsured in Connecticut with assistance in their time of critical need, while ensuring that insurance coverage is exhausted through the assistance of OHA. The pool is a critical part of overall health-care reform

Thank you for your support of H.B. 5013.

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